

CITY COUNCIL STUDY SESSION

State Legislative Update

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No action is required; this is an informational briefing. The State Legislature addresses a range of policy issues of interest to the City. Council may wish to provide direction to staff regarding legislative proposals.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS**Background**

Each year the Bellevue City Council adopts a state legislative agenda that outlines policy issues and projects representing the City's highest priority requests for action by the State Legislature. Given the likelihood that the Legislature will be meeting virtually, rather than in-person, the City's legislative agenda for 2021 needs to be hyper-focused on three-to-five top priority items that are critical to achieve. Adapting to the current legislative environment will be the key to successfully advocating for the City's interests and highest priorities. This update includes information to help inform and frame the City's 2021 State Legislative Agenda and priorities.

November 3 General Election: Democrats Expected to Increase Majorities

In addition to electing a President and members of the U.S. House of Representatives this year's General Election ballot includes contests for Governor, Lieutenant Governor, Secretary of State, Attorney General, Commissioner of Public Lands, State Insurance Commissioner, State Treasurer, State Auditor and Superintendent of Public Instruction. The ballot also includes election contests for all members of the State House of Representatives and one half of the members of the State Senate. Democrats hold a majority of seats in the State Senate by a 27-22 margin and by a margin of 57-41 in the State House of Representatives. If the November General Election follows the same trend as the August Primary, Democrats may slightly increase their majority in both chambers and possibly with a more progressive majority.

The ballot also includes one statewide referendum, one proposal to amend the state constitution and four measures adopted by the State Legislature in 2020 that are subject to an advisory vote—which is non-binding and will not change the laws as passed.

Legislative Committee Reorganization

Following the November election, the Legislature will begin the “committee on committees” process to identify committee chairs, vice chairs, ranking members and make committee assignments. Each biennium typically sees sometimes a significant shift in committee leadership and membership. there is a significant reshuffling of committee leadership and membership.

2021 Legislative Session

The 2021 legislative session will begin on Monday, January 11. It is the first year of the two-year legislative biennium and is a “long” session, lasting 105 calendar days. Typical of long sessions, the Legislature will focus on adopting biennial operating, capital, and transportation budgets. The Legislature will also focus on responding to the economic impacts of the COVID-19 pandemic and racial equity and criminal justice reforms stemming from the Black Lives Matter movement. The 2021 session also provides an opportunity to advance capital and transportation projects in addition to policy priorities.

Governor’s Office Developing Proposed Budgets

The budget development process for the 2021-2023 biennium begins with the release of the Governor’s proposed budget in mid-December. The Governor’s Office and the Office of Financial Management are working to develop the Governor’s proposed budget.

Transportation

Washington Supreme Court Overturns 976

The Washington State Supreme Court ruled that Initiative 976, the \$30 car tab measure approved by voters in 2019, was unconstitutional. In a unanimous decision, the Justices found that the initiative violated the single-subject rule and that the ballot title did not accurately reflect what the initiative would do. Despite this ruling, the state transportation budget will continue to face a significant revenue shortfall due to a decline in gas tax collections and toll revenue collections as a result of the COVID-19 pandemic.

Development of a Transportation Revenue Package

House and Senate Transportation Committee Chairs have indicated that adopting a new transportation revenue package is critical to deliver projects included in the 2015 Connecting Washington statewide transportation funding package as scheduled, fund culvert projects that will remove barriers to fish passage in response to the State Supreme Court decision, and fund new transportation projects throughout the state.

During the 2019 and 2020 legislative sessions, the Senate proposed a transportation revenue package called “Forward Washington”; however, the proposal did not advance beyond the Senate. This Senate proposal will be revised and reintroduced in 2021. In the House, Transportation Committee Chair Representative Jake Fey (D-Tacoma), is developing a revenue package proposal for the 2021 session. Representative Fey recently held “listening sessions” and plans to release a draft later this year.

Bellevue Transportation Projects

The City of Bellevue has worked with the Bellevue Chamber of Commerce on a draft list of regional transportation projects for consideration by Council as it prepares Bellevue's top priorities for the 2021 legislative session. Many of these projects are already on the City's critical list of priorities, including:

- **SR 520/124th Ave NE Interchange:** The SR 520/124th Avenue NE interchange is one of the most congested and unsafe sections of roadway in East King County. Improvements to this interchange will improve safety, reduce congestion and provide access to the Spring District – an urban neighborhood and job center with connections to light rail and regional trails. Preliminary engineering and right-of-way acquisition are funded and underway. Construction funds are needed. The Washington State Department of Transportation (WSDOT) is evaluating the project and will provide an updated cost estimate before the end of the year.
- **I-405 Access to Downtown Bellevue:** In order to decrease traffic congestion and provide greater access into the City, a direct connection is needed from I-405 into Downtown Bellevue south of NE 4th Street. Funding is needed to move the project to design and construction of the preferred alternative. The City is contracting with WSDOT to identify the specific project alternative.
- **I-405/SR 520 Interchange Improvements:** To maximize the significant investments in the SR 520 and I-405 corridors, system-to-system connection is needed to relieve a congestion point where I-405 and SR 520 intersect. Funding is needed for design that will link the eastbound SR 520 HOV lanes to the I-405 express toll lanes to keep transit moving, improve safety and access to one of the fastest growing areas of Bellevue and the region. WSDOT will provide a cost estimate for design and right-of-way acquisition before the end of the year.
- **I-405/I-90 Interchange Improvements:** Congestion on I-405 at the I-90 interchange is a significant regional choke point that creates serious safety issues, slows transit and vehicle traffic at all hours. Funding is needed to design direct access from the northbound and southbound ramps that connect eastbound traffic from I-90 onto I-405. The design will enable future improvements and identify the most cost-effective way to improve safety, reduce congestion and keep all modes moving through this area. WSDOT will provide a cost estimate for design and right-of-way acquisition before the end of the year.
- **Mountains to Sound Greenway Trail:** \$6.9 million is needed for the next phase of this project. The total needed to complete this 100-mile non-motorized trail is about \$36.5 million. The trail stretches from the Seattle Waterfront along I-90 to Ellensburg. It features a regional trail network used by pedestrians and bicyclists for recreation and transportation. The "Bellevue Gap" is a 3.6-mile segment of the trail between Factoria Boulevard and Lakemont Boulevard. The next phase to close this gap is a \$33.9 million overcrossing from I-405 to 150th Avenue. Local, state, and federal funding commitments totaling approximately \$27 million for the overcrossing, leaving a \$6.9 million shortfall. The remaining amount of funding needed to fully complete the Bellevue Gap is \$36.5 million.

- **Eastrail:** The Eastrail is a 42-mile corridor that is being developed into a multi-use trail from Renton into Snohomish County along a former Burlington Northern Santa Fe (BNSF) railroad right-of-way. Once completed, this multi-use trail will provide pedestrians and bicyclists 42 miles of uninterrupted trail and direct access to East Link light rail. The following investments are needed to complete the trail through Bellevue:
 - \$5.5 million for the Wilburton Trestle
 - \$10 million for the I-90 Steel Bridge
 - \$2.5 million SE 5th to NE 6th segment

Affordable Housing and Homelessness

Rent, Mortgage, and Utility Assistance: In response to the damaging economic impacts of the COVID-19 pandemic, the Governor issued orders placing a moratorium on evictions and on utility shutoffs for nonpayment. The Governor has extended the moratorium on evictions and the moratorium on utility shutoffs for nonpayment until December 31. When the moratoriums are lifted there will likely be an unprecedented amount of back rent and utility payments owed. The end of the ban on evictions will likely result in a flood of evictions for unpaid rent. Anticipating the high number of evictions, or “unlawful detainer actions”, the State Supreme Court is developing a dispute resolution process. Part of this process could involve require landlords seeking an eviction to secure a certificate showing that they attempted a dispute resolution process prior to bringing an action in court. Additionally, the Legislature is likely to have a robust conversation around increasing the amount of funding available for rental assistance.

State Housing Trust Fund: The Housing Trust Fund supports a wide range of capital projects that provide housing for a diverse array of low-income populations. Properties financed by the program can house people with incomes less than 80 percent of area median income (AMI), but many of these properties house households with special needs or incomes below 30 percent of AMI. This includes people and families experiencing homelessness, people in need of supportive housing, seniors, veterans, farmworkers, and people with developmental or other disabilities.

The City has a long record of support for increased funding for the Housing Trust Fund. For the 2021-2023 biennium, the state Department of Commerce is requesting \$241 million for the Housing Trust Fund. This request will be submitted to the Governor’s Office for potential inclusion in the Governor’s proposed Capital Budget.

Multifamily Property Tax Exemption (MFTE): Current law authorizes cities to grant multi-family developments an 8-year property tax exemption; or a 12-year tax exemption if 20 percent of the units are dedicated to housing low-income individuals. Each jurisdiction has the authority to further tailor the tax exemption program to include additional income restrictions or identify specific areas of the city where the exemption is offered. Bellevue has adopted a 12-year tax exemption program. City staff are exploring changes to the City’s 12-year tax exemption program to increase utilization of the program.

Senator Mona Das (D-Kent), Representatives Amy Walen (D-Kirkland), and Alex Ramel (D-Bellingham) have initiated a stakeholder process to develop legislation that would change the underlying MFTE statute. They are holding three listening sessions with various groups of stakeholders and will develop a legislative proposal.

Jurisdictions (largely Seattle) that enacted the MFTE in the 1990s, have developments that received a 12-year exemption, and where 20 percent of units are set aside for those earning low and moderately low incomes. Those developments are now reaching the end of their 12-year exemption. At the end of the exemption, the requirement that the units be set aside for those earning low and moderately low incomes also expires. The City of Seattle and others have asked that the 12-year exemption be extended for these developments to preserve the units for low income housing and prevent a transition to market rate rents for these units. Some legislators are considering reforming the program and are discussing several other components, including adding additional affordability requirements; adding square footage requirements; changing reporting requirements; adding prevailing wage requirements or apprenticeship requirements, among others.

The Legislature attempted to reach agreement on a comprehensive MFTE reform bill in the 2020 legislative session but were unable to secure passage. Instead, the Legislature extended the exemption for developments with a 12-year exemption that expires prior to December 31, 2021 until the end of 2021. This provided a short-term solution until the end of 2021. The current stakeholder process is revisiting issues from last session to assess whether agreement on a comprehensive bill could be reached in 2021.

POLICY & FISCAL IMPACTS

The State Legislature addresses a range of policy issues of interest to the City.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A